



**Director of
Central
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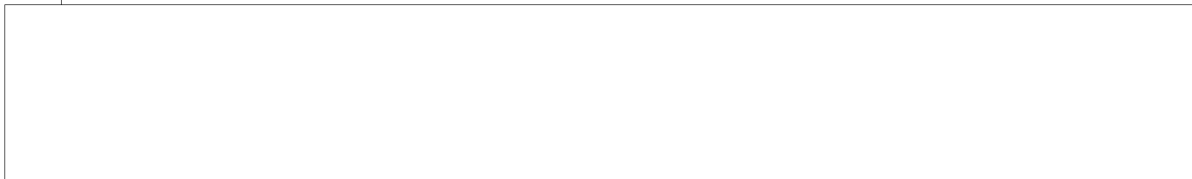
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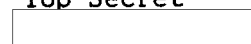


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POLAND: Continuing Tension

More clashes between the police and demonstrators may be in the offing. [redacted]

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Interior Minister Kiszczak announced yesterday that violent demonstrations had occurred on Monday in 12 major cities and that additional riots occurred yesterday in the port city of Szczecin. He said that 1,372 people had been arrested and 72 policemen injured. [redacted]

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The US Embassy in Warsaw reported rumors of leaflets calling for more demonstrations this week and next. The Embassy also heard from the police that they might be leaving the capital for an "extended period." [redacted]

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[redacted] Meanwhile, the Military Council has selectively reimposed some martial law restrictions, including the curfew in Warsaw and Szczecin. [redacted]

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Polish media continue to blame "antisocialist" groups and foreign subversion centers for inciting the youthful demonstrators. Kiszczak warned that the authorities would not alter their overall policies, and he indirectly prodded the Church to be more active in preventing demonstrations. [redacted]

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Moscow's response so far has been low key. TASS attributed the unrest to "opponents of socialism" trying to regain "lost positions," and noted that the police took the "necessary measures." [redacted]

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Comment: The nationwide scope of the demonstrations is a clear sign that Solidarity activists have reestablished some effective organizational lines. [redacted]

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CHINA: Changes in the Government

The massive reorganization of the central government announced yesterday has elevated a younger generation of administrators, but Vice Chairman Deng Xiaoping and his allies still need to untangle bureaucratic jurisdictions and cope with the problems of reassigning surplus officials. [redacted]

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The comprehensive changes that came at the close of the 23rd meeting of the National People's Congress Standing Committee include the merger of 30 central organizations into seven ministries and commissions, the reduction in the number of vice premiers from 13 to two, and a two-thirds reduction in the number of ministers and vice ministers. Two of Deng's supporters were named to fill the vice premierships, and another now heads the expanded State Economic Commission. Thirty of the 41 ministers of the new State Council have been named since March, and most are technocrats. [redacted]

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In addition, the Committee released a draft constitution that institutionalizes the reformers' pragmatic economic and foreign policies. It also serves as a legal foundation for the bureaucratic reforms by separating state functions from party functions and by requiring administrative accountability within the government. [redacted]

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Comment: The reordering of the central bureaucracy is a major gain for Deng and his allies, most notably Premier Zhao Ziyang, whose political prospects after Deng's departure depend in part on having supporters in the state administration. The unfinished tasks of sorting out jurisdictional boundaries, making arrangements for retiring or surplus officials, and next year extending the reorganization to the provinces will be protracted and difficult. [redacted]

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USSR-NICARAGUA: Ortega in Moscow

President Brezhnev, in a speech yesterday at a banquet in honor of visiting Nicaraguan junta coordinator Ortega, endorsed Nicaraguan talks with its neighbors and with the US as an effort to remove "difficulties and tension." He also reiterated praise for "constructive initiatives" of Mexico and Cuba to resolve troubles over Nicaragua. On his arrival yesterday, Ortega was welcomed by top party, government, military, and economic aid officials. [redacted]

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Comment: The leadership turnout provided a strong display of political support for the Nicaraguan junta, but the tone of Brezhnev's remarks indicated that the USSR is unprepared to make major economic commitments. Nonetheless, the Soviets probably will announce some new forms of aid during Ortega's visit to show their continuing backing for leftists in the region. [redacted]

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NORTH YEMEN - SOUTH YEMEN: Battle Near Border

//North Yemen has sent reinforcements to the South Yemeni border area, where government forces are under heavy attack by National Democratic Front insurgents supported by some South Yemeni troops. [redacted]

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[redacted] South Yemeni President al-Hasani, who is engaged in infighting with hardliners in the Defense Ministry, has publicly requested a meeting with North Yemeni President Salih to negotiate a political solution. [redacted]

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Comment: North Yemeni forces have done well in recent fighting, but a defeat, following the fall of Juban village last month, could weaken their morale, prompt new appeals from Sanaa for aid from Saudi Arabia and Jordan, and strengthen Salih's determination to defer any attempt at a negotiated solution until after a major offensive later this month. Al-Hasani's diplomatic efforts probably are designed to stave off the North Yemeni offensive. [redacted]

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ROMANIA: Progress in Rescheduling Debt

//Romania and Western bankers have agreed to exclude from rescheduling Bucharest's debts owed to suppliers. These obligations totaled some \$640 million at the end of 1981--over half of total Romanian overdue debts--and they have grown since then. The effort to include these short-term liabilities in the rescheduling of Romania's foreign debts now being negotiated had upset many Western suppliers who do not want to wait six years to be repaid. The new agreement calls for Romania to repay promptly all debts of less than \$500,000 and to arrange to pay the rest within one year.//

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Comment: Bucharest may have trouble discharging these obligations to suppliers as agreed. Moreover, several other problems need to be resolved to complete the negotiations on debt rescheduling. Romania will have to qualify again for IMF standby credit, a meeting of government creditors may have to be arranged, and the final rescheduling decision must be agreeable to the over 300 Western banks that so far have been excluded from the talks.

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